

Acting Chief, D/E

26 July 1955

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Ch/C's memo of 22 July 1955 and draft outline of paper, "Political Significance of Free World Trade Controls to the Sino Soviet Bloc."

The very close interrelationship of economics and political science points up the necessity of making a long neglected careful evaluation of the political impact of western trade controls on the Sino Soviet Bloc, particularly the effect on foreign policy and the whole power complex of the Bloc. As in the case of previous studies of the economic effects of such controls, it may be found that the political impact is limited but significant. If so, it would be to those "significant areas" that future attention should be directed when any modifications in international controls is contemplated.

Some of the questions in the outline appear to have an economic rather than political background. It is realized that the two are closely connected but an effort should be made to draw as distinct a line as possible between: economic and political effects.

It might be desirable to include in the outline some estimate of the effect of western trade controls on the staffing, attitudes, and activities of Soviet Embassies, Consulates and various missions abroad.

Paragraph III of the outline reading

"the current selective type trade controls aimed primarily at the war potential sector of the Communist bloc economies";

is not entirely an accurate statement. The phrase "European Soviet Bloc" should be used with the possible addition of the phrase "and the military and industrial sectors of Communist China."

In general, however, the outline appears satisfactory and should provide the basis for a very useful study.

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E/C(x) [REDACTED] gag (26 July 1955)

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